

## Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 EUR-25 ISO-00 TRSE-00 XMB-07 OPIC-12

AGR-20 SP-03 AID-20 NSC-07 RSC-01 CIEP-02 SS-20

STR-08 OMB-01 CEA-02 COME-00 L-03 /159 W

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R 151812Z MAY 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 2551

INFO AMEMBASSY SANTIAGO

AMEMBASSY LONDON

AMEMBASSY PARIS

C O N F I D E N T I A L BONN 07825

E.O. 11652: XGDS-1, DECLAS 5-15-04

TAGS: EFIN, CI

SUBJECT: CHILE DEBT RESCHEDULING

REF: A. STATE 95005; B. BONN 4536

1. IN A DISCUSSION WITH GEHRING OF THE FRG ECONOMICS MINISTRY CONCERNING INFORMATION ON THE STATUS OF THE USG'S NEGOTIATIONS WITH CHILE CONTAINED IN REFTEL A , HE NOTED THAT THE FRENCH ALSO HAD REACHED AGREEMENT WITH CHILE, BUT AS WITH THE UK, IT IS AD REFERENDUM. GEHRING SPECULATED THAT ITS AD REFERENDUM NATURE WAS DUE TO THE UPCOMING FRENCH ELECTIONS. HE SUSPECTED THAT IF MITTERAND WAS ELECTED THERE MIGHT BE A LONG DELAY IN FINAL FRENCH AGREEMENT WITH CHILE. UNCERTAINTY OVER WHO WOULD WIN THE FRENCH ELECTION WAS DELAYING THE START OF THE FRG'S NEGOTIATIONS WITH CHILE ACCORDING TO GEHRING. HE IMPLIED THAT THE FRG WOULD NOT WANT TO ANTAGONIZE A FRENCH GOVERNMENT BY MOVING HASTILY ON THIS ISSUE. HE NOTED THAT A GISCARD VICTORY WOULD SIMPLIFY MATTERS GREATLY.

2. GEHRING ACKNOWLEDGED THAT THE FRG HAS INTERNALLY  
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YET TO REACH AGREEMENT ON A NEGOTIATING POSITION SINCE

THE FRG AID MINISTRY HAS YET TO EXPRESS ITS POSITION. HE THOUGHT THE AID MINISTRY WOULD GO ALONG, HOWEVER, WITH THE OTHER MINISTRIES SINCE AID MINISTER EPPLER HAD DECIDED IN MARCH TO REFUSE A DUTCH APPEAL TO SCUTTLE THE MULTILATERAL ARRANGEMENTS (SEE REFTEL B), THEREBY COMMITTING HIS MINISTRY TO REACHING AGREEMENT. GEHRING EXPRESSED SOME APPREHENSION THAT THE GENERAL POLITICAL SITUATION IN THE FRG COULD HEAT UP OVER ACTS BY THE CHILEAN JUNTA SO AS TO PREVENT AN AGREEMENT. GEHRING PREFERS TO NEGOTIATE IN SANTIAGO, SO AS TO PRESENT AS SMALL A TARGET AS POSSIBLE TO THOSE IN THE FRG OPPOSED TO THE JUNTA.

3. GEHRING NOTED THAT THE FRG IS EXTENDING ONLY MINIMAL GOVERNMENT GUARANTEES (HERMES) FOR BUSINESS CONTRACTS BETWEEN FRG AND CHILEAN BUSINESSMEN. AT PRESENT, THE LIMITS ARE DM250,000 ON CONTRACTS WITH 180 DAYS MATURITY. GEHRING HAD NO IDEA OF THE SCOPE OF CONTRACTS THAT WERE SIGNED WITHOUT GOVERNMENTAL GUARANTEES.

4. COMMENT. GEHRING MAY TEND TO AT TIMES OVER-DRAMATIZE THE PROBLEMS WITHIN THE FRG GOVERNMENT OVER THE CHILE DEBT QUESTION. HOWEVER, UNDOUBTEDLY HE IS RIGHT THAT CHILE IS A SENSITIVE ISSUE WITHIN THE FRG AND THE POSSIBILITY THAT THE POLITICAL ATMOSPHERE COULD DEVELOP SO AS TO PREVENT THE FRG FROM SIGNING IS OF REAL CONCERN, GEHRING IS OBVIOUSLY ANXIOUS TO MOVE QUICKLY, ONCE THE FRENCH ELECTIONS ARE COMPLETED, TO GET THE AGREEMENT SIGNED.  
HILLENBRAND

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## Message Attributes

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